Ringgit Weekly Outlook

To hold near 3.90/USD as Fed pause risk and geopolitics shape near term direction

Overview

- **Performance:** The ringgit held firmly below 3.90/USD throughout the week despite the DXY stabilising near the 98.0 level.
- **Market Dynamics:** The USD started weaker as investors recalibrated trade risk after Trump replaced the IEEPA tariff regime with a 15.0% surcharge, reducing tail risk of aggressive trade escalation. Growth slowed in 4Q25, while core PCE surprised higher, complicating US disinflation path. Improved risk appetite following Nvidia earnings supported Asian exporters and portfolio inflows, allowing the ringgit to strengthen even as the DXY held steady. Regional currencies also tracked a firmer yuan.
- **Data Impact:** Focus shifts to US PPI tonight (Consensus: 0.3% MoM). Any upside surprise may strengthen the case for a prolonged Fed pause in March, now 96.0% priced, and push rate cut expectations further out. ADP, retail sales and NFP will test whether softer growth signals spill into labour demand. Payrolls are expected to slow to 60.0k, with unemployment steady at 4.3%. BNM is expected to maintain status quo with minimal ringgit impact.
- **Outlook:** Labour and inflation data will anchor the March FOMC decision. Absent a clear downside shock, the Fed is likely to hold given renewed inflation pressures and still firm consumption data. The USD may stabilise, but sustained equity strength following Nvidia's results could limit safe haven demand. Geopolitics remains the key tail risk, particularly US-Iran tensions and oil price sensitivity the most plausible catalyst for renewed USD upside. The ringgit is expected to still trade strong around the 3.90/USD level next week.
- **Technical:** USDMYR remains neutral and is consolidating around 3.90. The 5-day EMA providing near term support.

Table 1: Currency Outlook

	Long Term*						
	Q4-25	Q1-26F	Q2-26F	Q3-26F	Q4-26F	Q1-27F	Trend
USDMYR	4.06	3.92	3.88	3.90	3.95	4.00	▼

	Short Term (Technical)						
	RSI (7)	EMA (5)	R1	R2	S1	S2	Trend
USDMYR	34.336	3.894	3.896	3.898	3.890	3.887	—

Signal for USD Trend = ▲ Bullish — Neutral ▼ Bearish

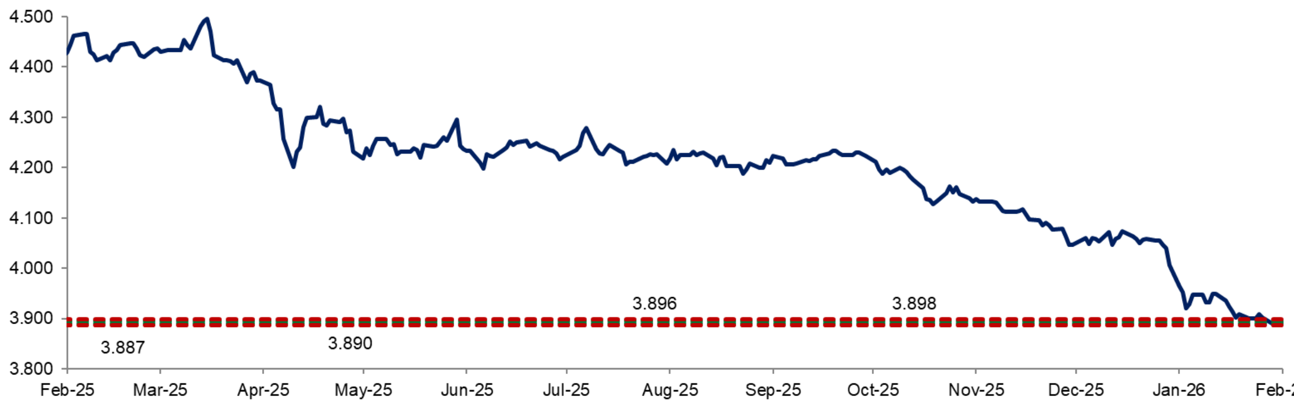
**F=Forecasts for end of period*
Source: Kenanga Research, Bloomberg

RSI (7): 7-day Relative Strength Index
Measures the speed and magnitude of a security's recent price changes to evaluate overvalued or undervalued conditions. A reading of 80 or above indicates an overbought situation while a reading of 20 or below indicates an oversold condition.

EMA (5): 5-day Exponential Moving Average
EMA gives more weight to the most recent periods, places more emphasis on what has been happening lately. Old data points retain a multiplier even if they are outside of the selected data series length.

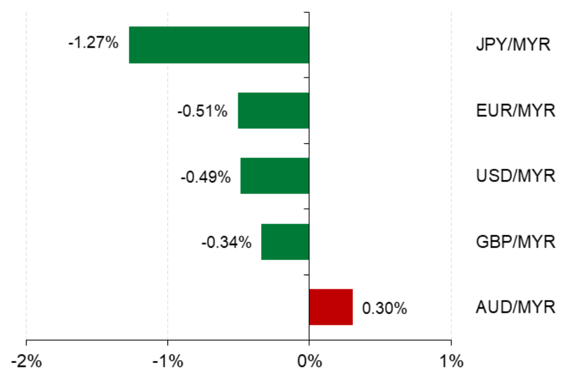
$$EMA = (P \times \alpha) + [Previous\ EMA\ \times (1 - \alpha)]$$

Graph 1: USDMYR Trend



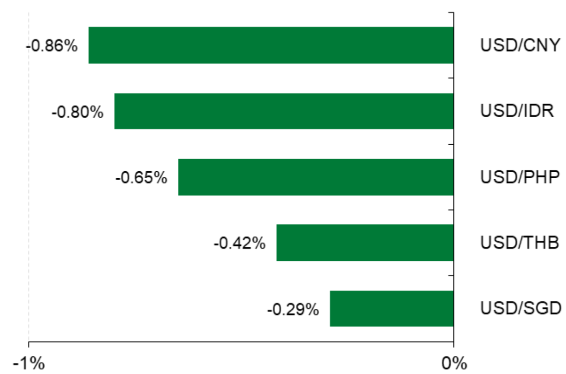
Source: Kenanga Research, Bloomberg

Graph 2: Weekly Core Pairs' Performance



Source: Kenanga Research, Bloomberg

Graph 3: Weekly Regional Peers' Performance



Source: Kenanga Research, Bloomberg

Table 2: Performance of Core Pairs

Currencies	02/01/26 YTD	26/02/25 Last Year	26/01/26 Last Month	19/02/26 Last Week	26/02/26 Yesterday	ytd (%)	yoy (%)	mom (%)	wow (%)
MYR									
USDMYR	4.054	4.428	3.964	3.909	3.890	-13.15%	-12.17%	-1.89%	-0.49%
AUDMYR	2.716	2.801	2.745	2.760	2.768	-0.58%	-1.15%	0.87%	0.30%
GBPMYR	5.455	5.604	5.421	5.279	5.261	-5.89%	-6.12%	-2.95%	-0.34%
EURMYR	4.752	4.648	4.703	4.612	4.589	-1.02%	-1.28%	-2.43%	-0.51%
JPYMYR	2.585	2.962	2.582	2.526	2.494	-12.49%	-15.79%	-3.40%	-1.27%
SGDMYR	3.152	3.310	3.126	3.085	3.078	-6.38%	-7.02%	-1.54%	-0.23%
ASEAN 5 + CNY + JPY									
USDIDR	16725	16381	16782	16894	16759	3.46%	2.31%	-0.14%	-0.80%
USDTHB	31.524	33.705	31.054	31.191	31.061	-9.38%	-7.84%	0.02%	-0.42%
USDSGD	1.286	1.338	1.268	1.267	1.264	-7.41%	-5.54%	-0.38%	-0.29%
USDPHP	58.862	57.885	58.976	58.006	57.630	-0.44%	-0.44%	-2.28%	-0.65%
USDCNY	6.989	7.258	6.954	6.905	6.846	-6.22%	-5.68%	-1.56%	-0.86%
USDJPY	156.840	149.520	153.560	154.710	155.960	-0.75%	4.31%	1.56%	0.81%
USD									
EURUSD	1.172	1.050	1.186	1.179	1.180	14.35%	12.38%	-0.53%	0.08%
GBPUSD	1.346	1.265	1.367	1.349	1.354	8.74%	7.04%	-0.99%	0.34%
AUDUSD	0.669	0.632	0.692	0.705	0.711	14.58%	12.60%	2.79%	0.85%

Source: Kenanga Research, Bloomberg

Table 3: Upcoming Major Data Release And Policy Announcement for the Week

Date	Country	Indicator	Previous	Consensus/Forecast
2/3/2026	MY	S&P Global Manufacturing PMI (FEB)	50.2	N/A
2/3/2026	CN	RatingDog Manufacturing PMI (FEB)	50.3	N/A
2/3/2026	US	ISM Manufacturing PMI (FEB)	52.6	51.8
4/3/2026	US	ADP Employment Change (FEB)	22.0k	42.0k
5/3/2026	MY	BNM Interest Rate Decision	2.75%	2.75% (status quo)*
5/3/2026	US	Initial Jobless Claims (FEB/28)	212.0k	N/A
6/3/2026	US	Non Farm Payrolls (FEB)	130.0k	60.0k
6/3/2026	US	Unemployment Rate (FEB)	4.3%	4.3%

Source: Kenanga Research, Trading Economics, Bloomberg
**KIBB*

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